

NOURISH.NJ, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

NOURISH.NJ, INC.

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
nourish.NJ, Inc.
Morristown, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of nourish.NJ, Inc. ("Organization"), a nonprofit corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of nourish.NJ, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior-period Financial Statements

The financial statements of nourish.NJ, Inc., for the year ended December 31, 2019, were audited by other auditors, whose report, dated November 13, 2020, expressed an unmodified opinion on those statements.

Livingston, New Jersey
November 12, 2021

Sobel & Co, LLC

Certified Public Accountants

NOURISH.NJ, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,488,219	\$ 990,600
Pledges receivable, net	102,917	-
Prepaid expenses	25,799	-
Total Current Assets	<u>2,616,935</u>	<u>990,600</u>
OTHER ASSETS:		
Security deposits	1,387	1,387
Pledges receivable, long term	294,029	-
Total Other Assets	<u>295,416</u>	<u>1,387</u>
PROPERTY AND EQUIPMENT, Net	<u>144,410</u>	<u>65,319</u>
	<u>\$ 3,056,761</u>	<u>\$ 1,057,306</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 12,524	\$ 62,293
NET ASSETS :		
Without donor restrictions:		
Operations	1,654,791	745,013
Board-designated	250,000	250,000
	<u>1,904,791</u>	<u>995,013</u>
With donor restrictions	1,139,446	-
Total Net Assets	<u>3,044,237</u>	<u>995,013</u>
Total Liabilities and Net Assets	<u>\$ 3,056,761</u>	<u>\$ 1,057,306</u>

NOURISH.NJ, INC.**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:						
Donations	\$ 2,427,711	\$ 1,139,446	\$ 3,567,157	\$ 954,287	\$ -	\$ 954,287
In-kind donations	935,474	-	935,474	1,200,000	-	1,200,000
Government grants	160,000	-	160,000	-	-	-
Special events	-	-	-	235,618	-	235,618
Total Support	<u>3,523,185</u>	<u>1,139,446</u>	<u>4,662,631</u>	<u>2,389,905</u>	<u>-</u>	<u>2,389,905</u>
REVENUE:						
Interest income	<u>1,607</u>	<u>-</u>	<u>1,607</u>	<u>1,833</u>	<u>-</u>	<u>1,833</u>
TOTAL SUPPORT AND REVENUE	<u>3,524,792</u>	<u>1,139,446</u>	<u>4,664,238</u>	<u>2,391,738</u>	<u>-</u>	<u>2,391,738</u>
EXPENSES:						
Program services	1,980,801	-	1,980,801	2,478,713	-	2,478,713
Management and general	447,211	-	447,211	219,527	-	219,527
Fundraising	187,002	-	187,002	57,250	-	57,250
Total Expenses	<u>2,615,014</u>	<u>-</u>	<u>2,615,014</u>	<u>2,755,490</u>	<u>-</u>	<u>2,755,490</u>
CHANGES IN NET ASSETS	909,778	1,139,446	2,049,224	(363,752)	-	(363,752)
NET ASSETS:						
Beginning of year	<u>995,013</u>	<u>-</u>	<u>995,013</u>	<u>1,358,765</u>	<u>-</u>	<u>1,358,765</u>
End of year	<u>\$ 1,904,791</u>	<u>\$ 1,139,446</u>	<u>\$ 3,044,237</u>	<u>\$ 995,013</u>	<u>\$ -</u>	<u>\$ 995,013</u>

The accompanying notes are an integral part of these financial statements.

NOURISH.NJ, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 718,464	\$ 224,283	\$ -	\$ 942,747
Payroll taxes	60,311	17,504	-	77,815
Employee benefits	30,860	24,594	-	55,454
	<u>809,635</u>	<u>266,381</u>	<u>-</u>	<u>1,076,016</u>
Food supplies	831,214	-	-	831,214
Donated services	182,884	-	-	182,884
Professional fees	-	91,005	155,285	246,290
Dues	-	7,447	-	7,447
Insurance	3,191	1,132	-	4,323
Occupancy	79,166	3,600	-	82,766
Office expenses	1,063	6,961	587	8,611
Telephone	-	5,721	-	5,721
Postage and printing	-	39,570	14,730	54,300
Information technology	-	173	12,325	12,498
Paper supplies	19,584	-	-	19,584
Travel	5,141	9,123	-	14,264
Program expenses	14,105	-	1,325	15,430
Bank and merchant fees	-	11,678	-	11,678
Depreciation	16,692	4,165	-	20,857
Repairs and maintenance	18,126	255	2,750	21,131
	<u>1,980,801</u>	<u>447,211</u>	<u>187,002</u>	<u>2,615,014</u>
Total Expenses	\$ 1,980,801	\$ 447,211	\$ 187,002	\$ 2,615,014

NOURISH.NJ, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 741,710	\$ 130,890	\$ -	\$ 872,600
Payroll taxes	61,367	10,830	-	72,197
Employee benefits	80,209	14,154	-	94,363
	<u>883,286</u>	<u>155,874</u>	-	<u>1,039,160</u>
Food supplies	919,720	-	-	919,720
Donated services	450,000	-	-	450,000
Professional fees	74,337	4,625	-	78,962
Dues	-	6,298	-	6,298
Insurance	5,986	3,990	-	9,976
Occupancy	28,297	4,689	-	32,986
Office expenses	790	15,191	-	15,981
Telephone	8,345	3,577	-	11,922
Postage and printing	17,160	7,597	-	24,757
Information technology	-	12,520	3,308	15,828
Paper supplies	27,874	-	-	27,874
Fundraising expenses	-	-	53,942	53,942
Travel	13,882	-	-	13,882
Program expenses	15,358	-	-	15,358
Bank and merchant fees	-	4,008	-	4,008
Depreciation	10,418	1,158	-	11,576
Repairs and maintenance	23,260	-	-	23,260
	<u>2,478,713</u>	<u>219,527</u>	<u>57,250</u>	<u>2,755,490</u>
Total Expenses	\$ 2,478,713	\$ 219,527	\$ 57,250	\$ 2,755,490

NOURISH.NJ, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 2,049,224	\$ (363,752)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	20,857	11,576
Changes in certain assets and liabilities:		
Pledges receivable	(396,946)	-
Prepaid expenses	(25,799)	-
Accounts payable	(49,769)	48,778
Net Cash Provided by (Used for) Operating Activities	<u>1,597,567</u>	<u>(303,398)</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	<u>(99,948)</u>	<u>(49,370)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,497,619	(352,768)
CASH AND CASH EQUIVALENTS:		
Beginning of year	990,600	1,343,368
End of year	<u>\$ 2,488,219</u>	<u>\$ 990,600</u>

NOURISH.NJ, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION:

nourish.NJ, Inc., (“Organization”), formerly The Community Soup Kitchen and Outreach Center, Inc., is a nonprofit organization operated as an ecumenical effort, supported and run by approximately 30 congregations from the greater Morristown, New Jersey area. The Organization changed its name to nourish.NJ, Inc. in 2019. The Organization provides a nutritious breakfast and noontime meals, free of charge, to anyone who comes seeking nourishment. Anyone is welcomed regardless of age, sex, race, financial qualifications, or religious beliefs. In addition, the Organization also assists guests in accessing community resources, services, and educational programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time, and other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents:

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less on the date of acquisition.

NOURISH.NJ, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Pledges Receivable:

The Organization recognizes contributions into revenue when received, including those received in the form of unconditional promises to give (“pledges”). Pledges receivable are reported in the statements of financial position net of any necessary allowance of uncollectible amounts and unamortized discounts related to multiyear pledges. The Organization utilizes the reserve method of accounting for uncollectible pledges. The reserve is based on historical experience and management evaluation of outstanding pledges receivable at the end of each year. At December 31, 2020 and 2019, the Organization has determined that an allowance was not necessary.

Property and Equipment:

Property and equipment are recorded at cost on the date of acquisition, or at the fair value of the asset, based on values of comparable assets at the date of gift for donated assets. The Organization capitalizes assets with a cost or fair value exceeding \$1,000 and a useful life of more than one year. Depreciation is computed on a straight-line basis over the estimated useful life as follows:

Leasehold improvements	10 years
Equipment and office equipment	7 years
Vehicles	7 years

In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as support without donor restrictions. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred. Significant renewals and betterments that extend the useful life of the assets are capitalized.

Revenue Recognition – Contributions:

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor or explicitly waived. Conditional pledges are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met or explicitly waived.

NOURISH.NJ, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributed Services and Donations:

The Organization is financially dependent upon receiving the donated support of the public and its member congregation to continue its programs. The public donates food and time.

The Organization records the value of food donated by pound at \$1.70 per pound. The Organization received approximately 375,000 pounds of food in each of the years ended December 31, 2020 and 2019, respectively. The Organization values the amount of volunteer hours at the annual rate published by the Independent Sector. During the years ended December 31, 2020 and 2019, the Organization recorded approximately 6,400 hours and 16,500 hours, respectively.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity. Such volunteer services do not meet the criteria for financial statement recognition and are not recognized in the consolidated financial statements.

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes. The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, there were no significant income tax uncertainties.

Use of Estimates:

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain amounts from the 2019 presentation have been reclassified to conform to the 2020 presentation. Net assets and changes in net assets are unchanged with these reclassifications.

NOURISH.NJ, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Recent Accounting Pronouncements – Leases:

In February 2016, the Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach or a cumulative-effect adjustment transition approach may be used, and the new standard is applied to all leases existing at the date of initial application. An organization may choose (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statement as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted subject to certain limitations. The Organization is currently evaluating the effect the provisions of this standard will have on the financial statements.

NOTE 3 - PLEDGES RECEIVABLE:

Pledges receivable are summarized as follows:

	December 31,	
	2020	2019
Gross pledges receivable	\$ 400,000	\$ -
Less: Discount	(3,054)	-
Net Pledges Receivable	<u>\$ 396,946</u>	<u>\$ -</u>
Amounts due in:		
Less than one year	\$ 102,917	\$ -
One to five years	297,083	-
	<u>\$ 400,000</u>	<u>\$ -</u>

Pledges receivable due in more than one year were discounted using the applicable long-term Treasury rate, which was .36% at December 31, 2020.

NOURISH.NJ, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2020	2019
Leasehold improvements	\$ 324,306	\$ 279,000
Kitchen and office equipment	277,312	272,946
Vehicles	72,670	23,000
	<hr/>	<hr/>
	674,288	574,946
Less: Accumulated depreciation	(529,878)	(509,021)
Property and Equipment, Net	<hr/>	<hr/>
	\$ 144,410	\$ 65,319

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in April 2020 for \$160,000. The loan was to provide the Organization with working capital for the purposes of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. Paycheck Protection Program loans may be forgiven in part or in whole if the borrower maintains its employee count, as well as salary levels, during a specified period.

The Organization recorded the PPP funds received as a conditional government grant and recognized revenue once the conditions for forgiveness set forth by the U.S. Small Business Administration were satisfied. As of December 31, 2020, all amounts received under the PPP were expended and recognized as government grants on the statement of activities and changes in net assets. The Organization received full forgiveness in April 2021.

NOTE 7 - FUNCTIONAL EXPENSES:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, and employee benefits are allocated based on time studies. All other expenses are direct costs.

NOURISH.NJ, INC.
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NOTE 8 - EMPLOYEE BENEFIT PLAN:

The Organization maintains a 403(b) retirement plan in which all employees are eligible to participate after completing one full year of service. For employees who complete five years of continuous service with the Organization, the Organization matches up to 50% of all eligible employee contributions. For the years ended December 31, 2020 and 2019, the amount contributed was \$11,585 and \$15,968, respectively. These amounts are recorded to employee benefits on the statements of functional expenses.

NOTE 9 - BOARD-DESIGNATED NET ASSETS:

The Organization’s Board of Trustees has restricted \$250,000 of the Organization’s net assets without donor restrictions as an operating reserve. These Board-designated net assets cannot be expended without approval of the Board of Trustees.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

The following net assets with donor restrictions are available for the following purposes:

	Year Ended December 31,	
	2020	2019
Capital campaign – timing	\$ 396,946	\$ -
Capital campaign – purpose	742,500	-
	<u>\$ 1,139,446</u>	<u>\$ -</u>

NOTE 11 - OPERATING LEASE AND RELATED PARTIES:

The Organization currently leases office space under an operating lease that expires in February 2022 and has various escalating payments. The Organization also rents space on a month-to-month basis. Total rental payments for the years ended December 31, 2020 and 2019, was \$75,600 and \$27,800, respectively. These amounts are recorded as occupancy costs on the statements of functional expenses.

Future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	
2021	\$ 74,672
2022	10,712
	<u>\$ 85,384</u>

NOURISH.NJ, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 - OPERATING LEASES AND RELATED PARTIES: (Continued)

The Organization utilizes dining rooms and office space from three of its member congregations. The rent expense was \$21,600 and \$27,800 for the years ended December 31 , 2020 and 2019, respectively.

NOTE 12 - SIGNIFICANT RISKS AND UNCERTAINTIES:

Financial instruments that potentially expose the Organization to concentrations of credit risk and market risk consist of cash and cash equivalents. The Organization maintains its cash and cash equivalents in accounts with federally insured institutions. At times, the balances in these accounts may be in excess of federally insured limits.

The Organization is actively monitoring the COVID-19 outbreak and the potential impact on its employees, clients, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

NOTE 13 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 2,488,219	\$ 990,600
Pledges receivable	396,946	-
Total financial assets	2,885,165	990,600
Less amounts not available for general use within one year:		
Net assets with donor restrictions	(1,139,446)	-
Net assets estimated to be released within one year	102,917	-
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,848,636</u>	<u>\$ 990,600</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOURISH.NJ, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 - SUBSEQUENT EVENTS:

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2020 through November 12, 2021, the date the financial statements were available to be issued.

In October 2020, the Organization entered into an agreement to purchase a building in Boonton, NJ for \$510,000. The Organization paid a 10% deposit in October 2020. In 2021, after the discovery period ended, the Organization decided to no longer pursue the purchase of this building. The deposit is recorded in professional fees on the statements of functional expenses for the year ended December 31, 2020.

In April 2021, the Organization entered into an agreement to purchase another building in Dover, NJ for \$925,000. The Organization purchased the building on November 5, 2021.